



LAKE ROTOAIRA Forest Trust

Realising the moemoea of our
ancestors

LAKE ROTOAIRA FOREST TRUST





Hauhungaroa Range

TAUPO

Lake Taupo

Waimihia
Forest

Lake Rotoaira Forest

TURANGI

Lake Taupo Forest

Kaimanawa Forest Park

Lake Rotoaira

Tongariro National Park

Lake Rotoaira Forest

- Land area – 16,400 ha
- 69 land blocks
- Land leased to Crown for 70 years (enough for 2 rotations)
 - Lease amended to 1 rotation in 2002
- Planting started 1973
- Planted area 9,300 ha
- Harvesting started 1999
- Forest managed by NZFM Ltd



OUR VISION

Ū ki te whenua

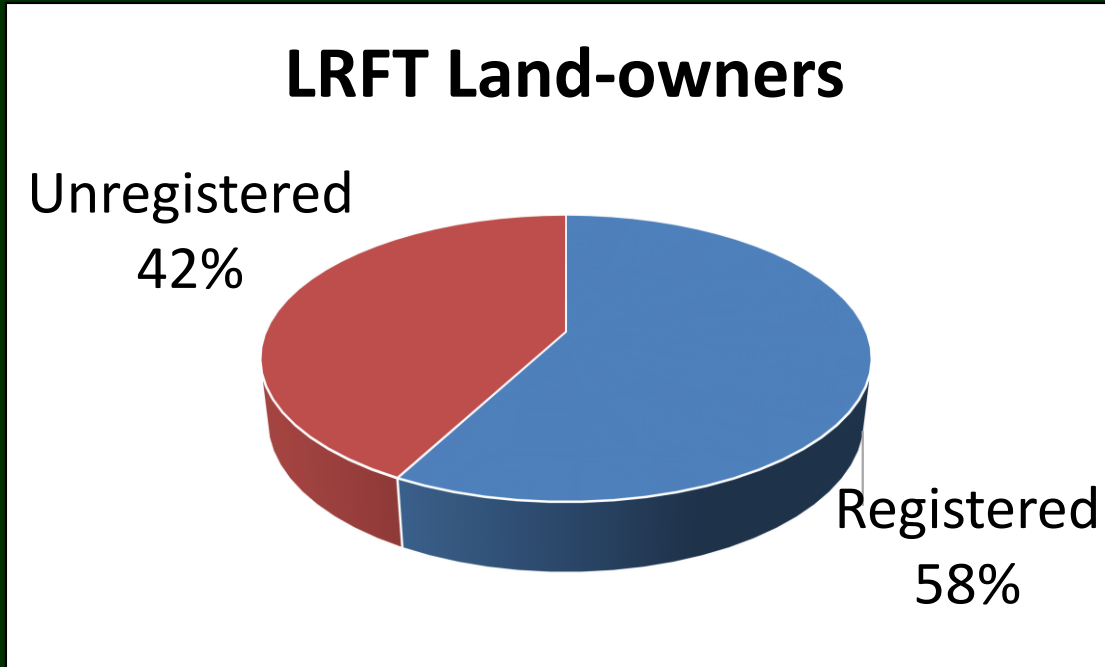
Ū ki te tangata

**To be a world leader in sustainable forestry production
and in the stewardship of our natural and cultural
resources**



LRFT's land owners

- LRFT lands have 11,522 owners



This includes 814 Whanau Trusts

An average of 167 owners per land block

- Like all Maori land, LRFT does not know where a large proportion of its 'owners' (i.e. those listed in the Maori Land Court records) are
- We know a lot of the unregistered owners are now deceased, and their shares have not been succeeded to

OUR MISSION

*Ki te hoe tonu i te
waka moemoea o
rātou kua ngaro,
kia whai hua hoki
ngā wawata o
ngā uri whenua*



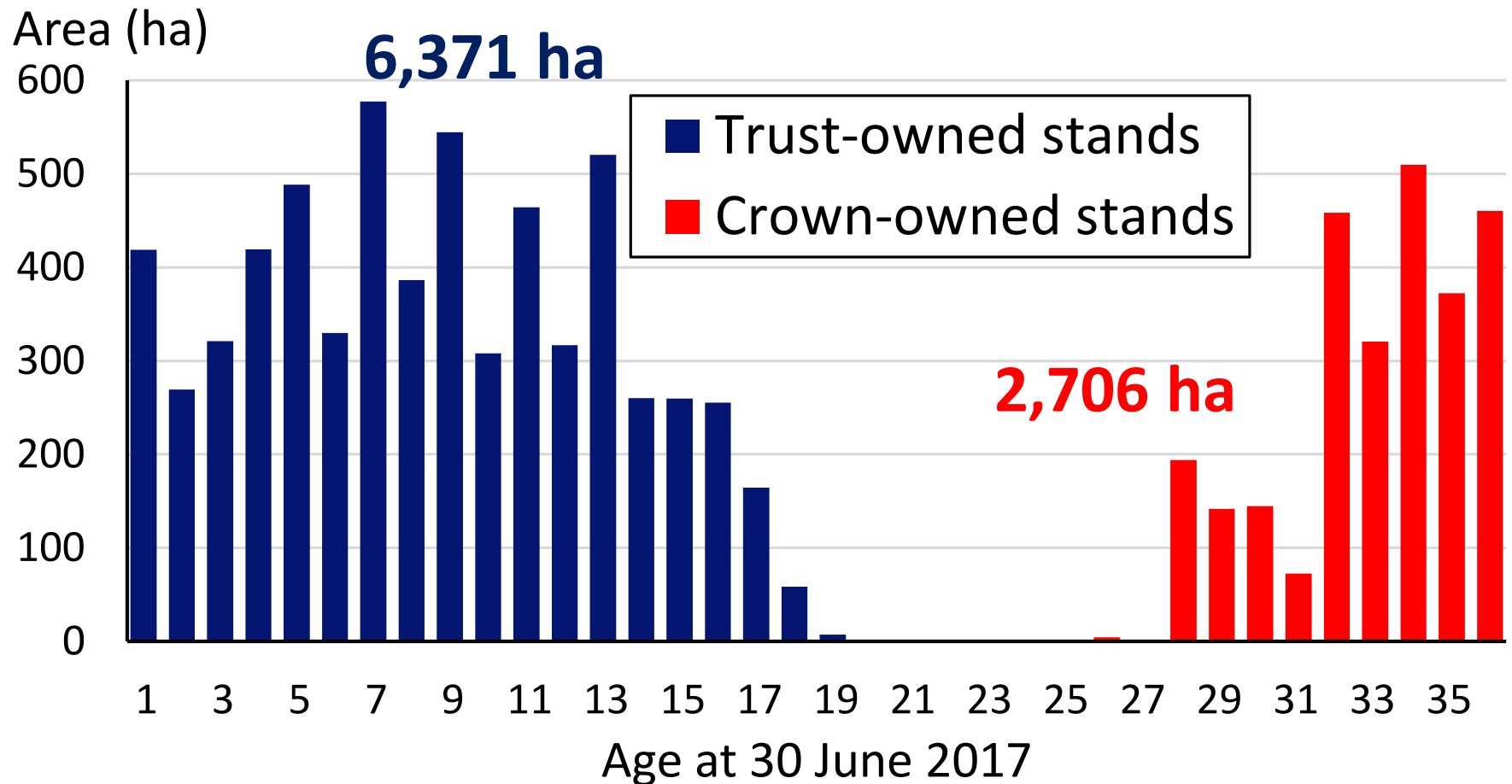
**To realise the dreams of those who have gone before
us by fulfilling their expectations to build a
competitive forestry business, respect their customary
values, and protect their lands and assets in order to
deliver real benefits to their descendants**

Crown Lease process

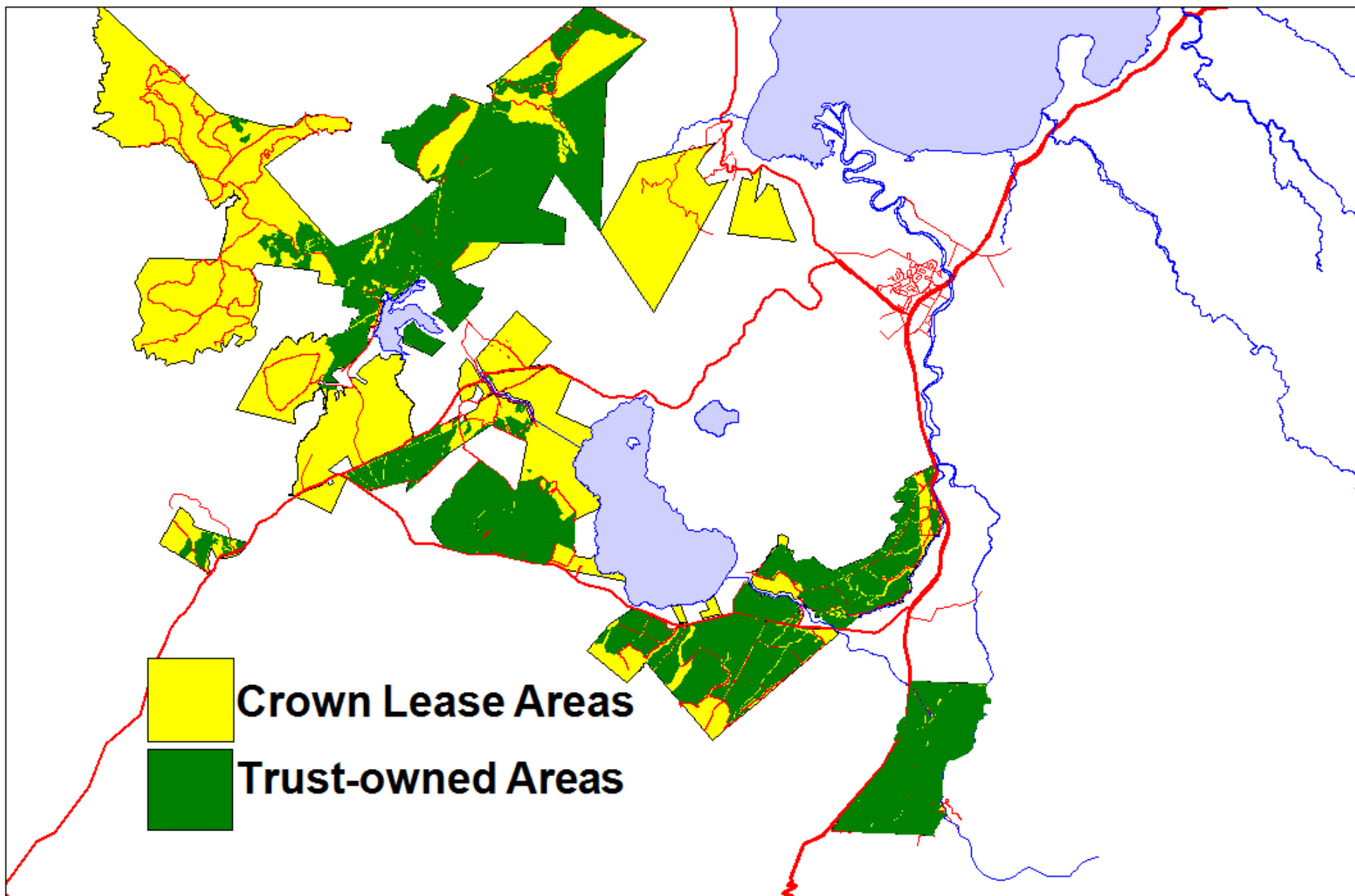
- Harvested land is taken out of lease, and replanted by Trust
- Trust receives 28.5% stumpage
- Trust now owns 70% of Lake Rotoaira Forest
 - (= the 2nd rotation crop)
- Crown to depart in 2026
- Partnership is working well



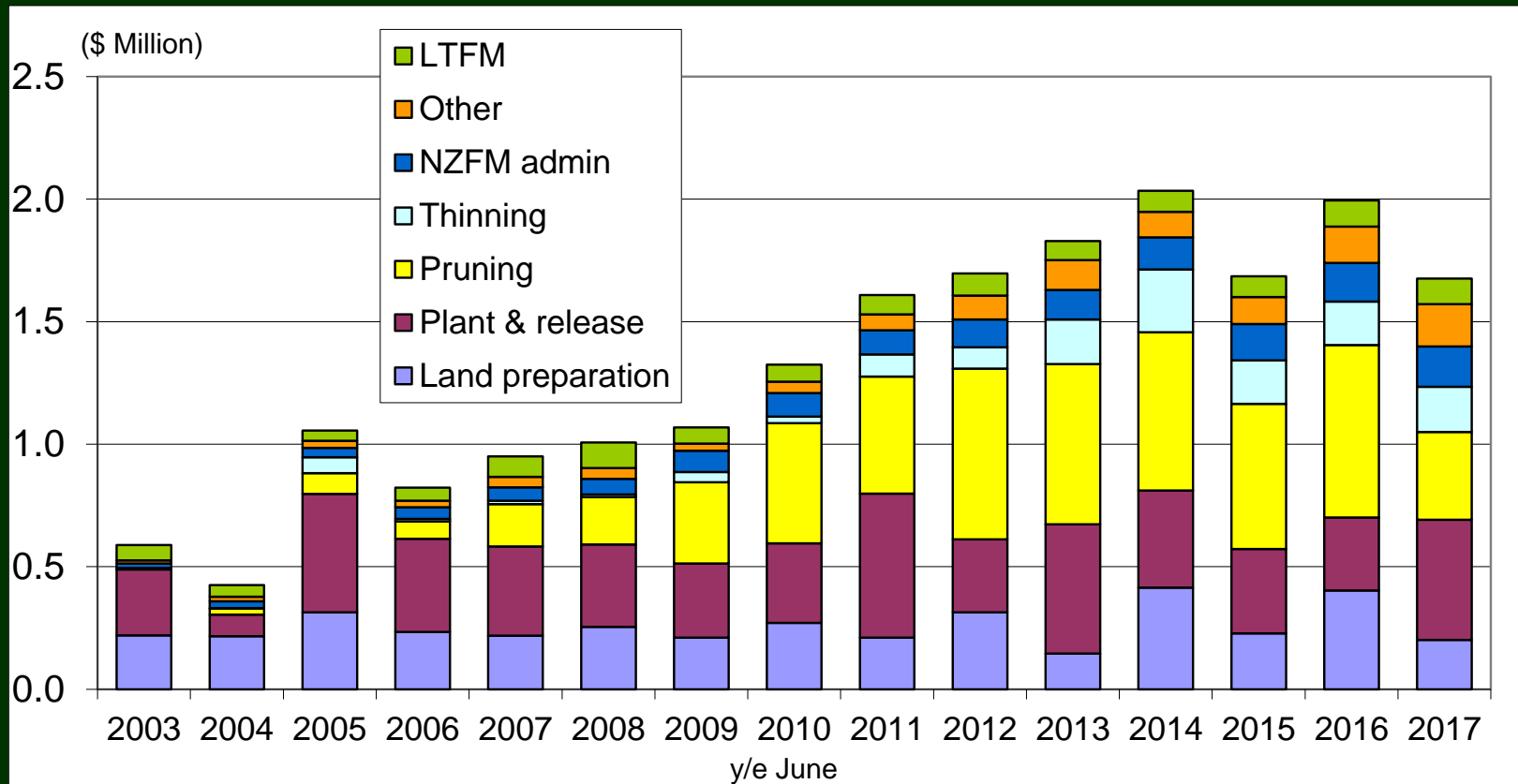
Lake Rotoaira Forest – Area by Age Class



Lake Rotoaira Forest - All land surrendered to June 2016

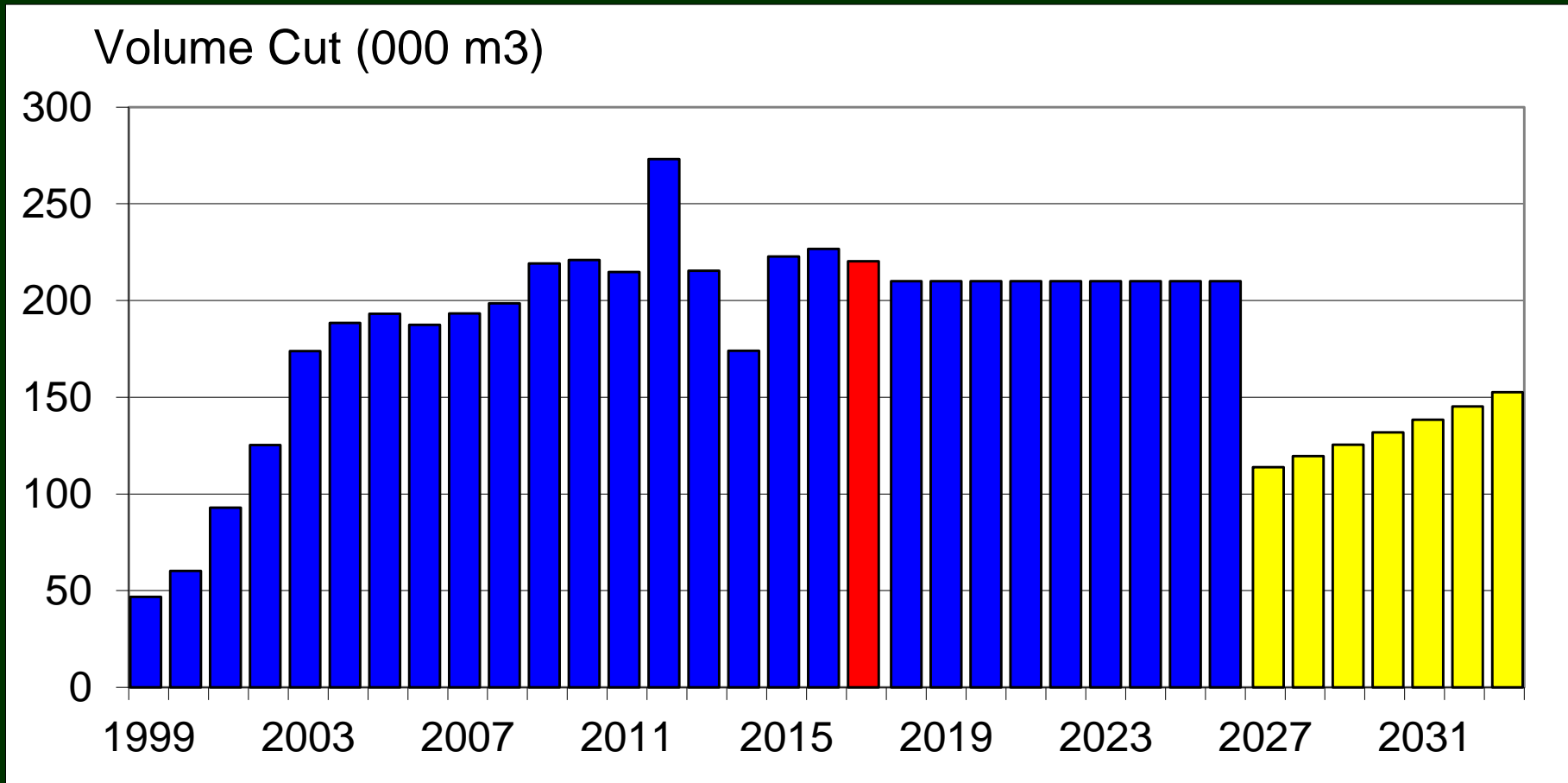


Forestry Investment



- \$2.0 million/year invested in the 2nd rotation
 - \$700,000 on establishment
 - \$700,000 on pruning

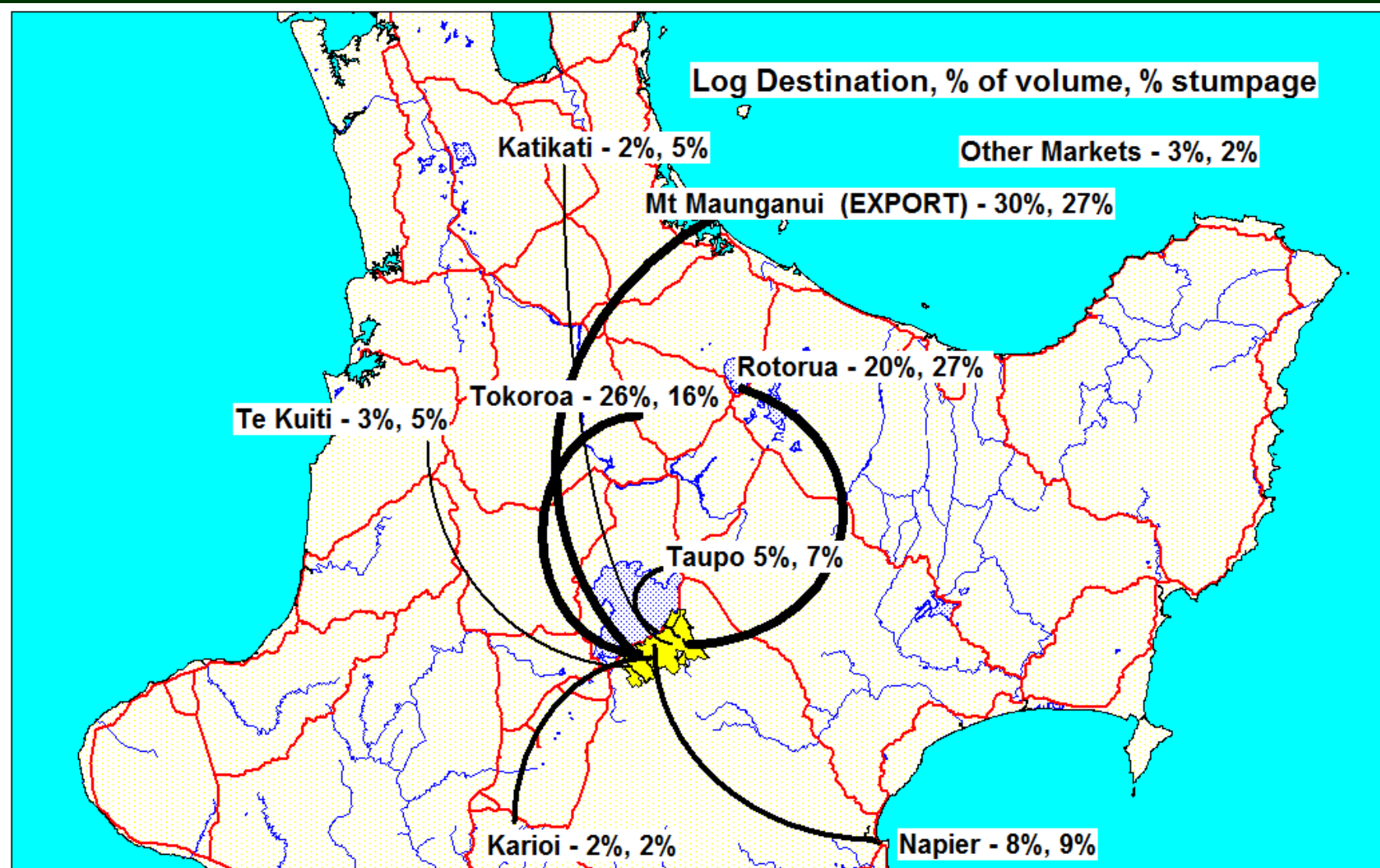
Harvesting



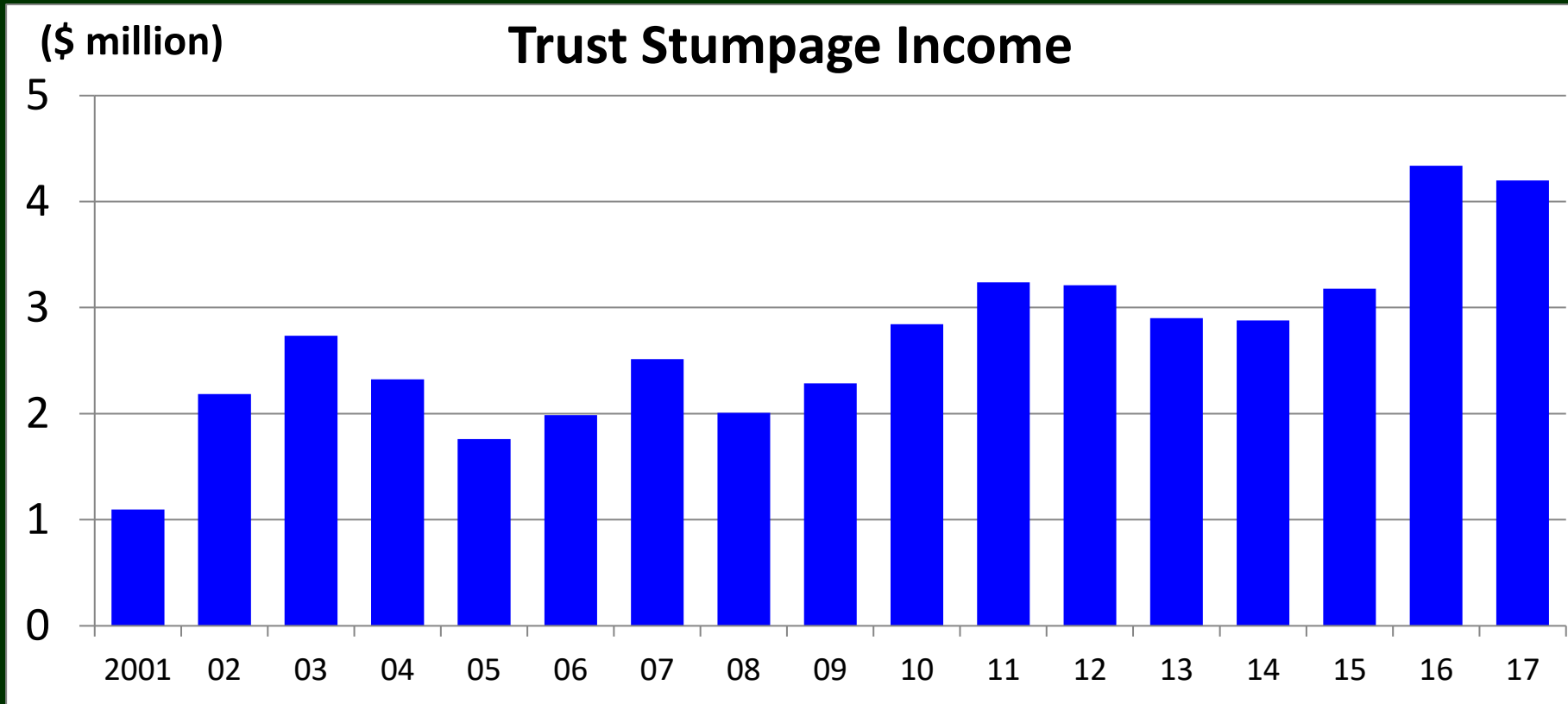
- 220,000 m³ harvested in 2016-17
- Challenge comes at start of 2nd rotation

Log Markets





Stumpage income



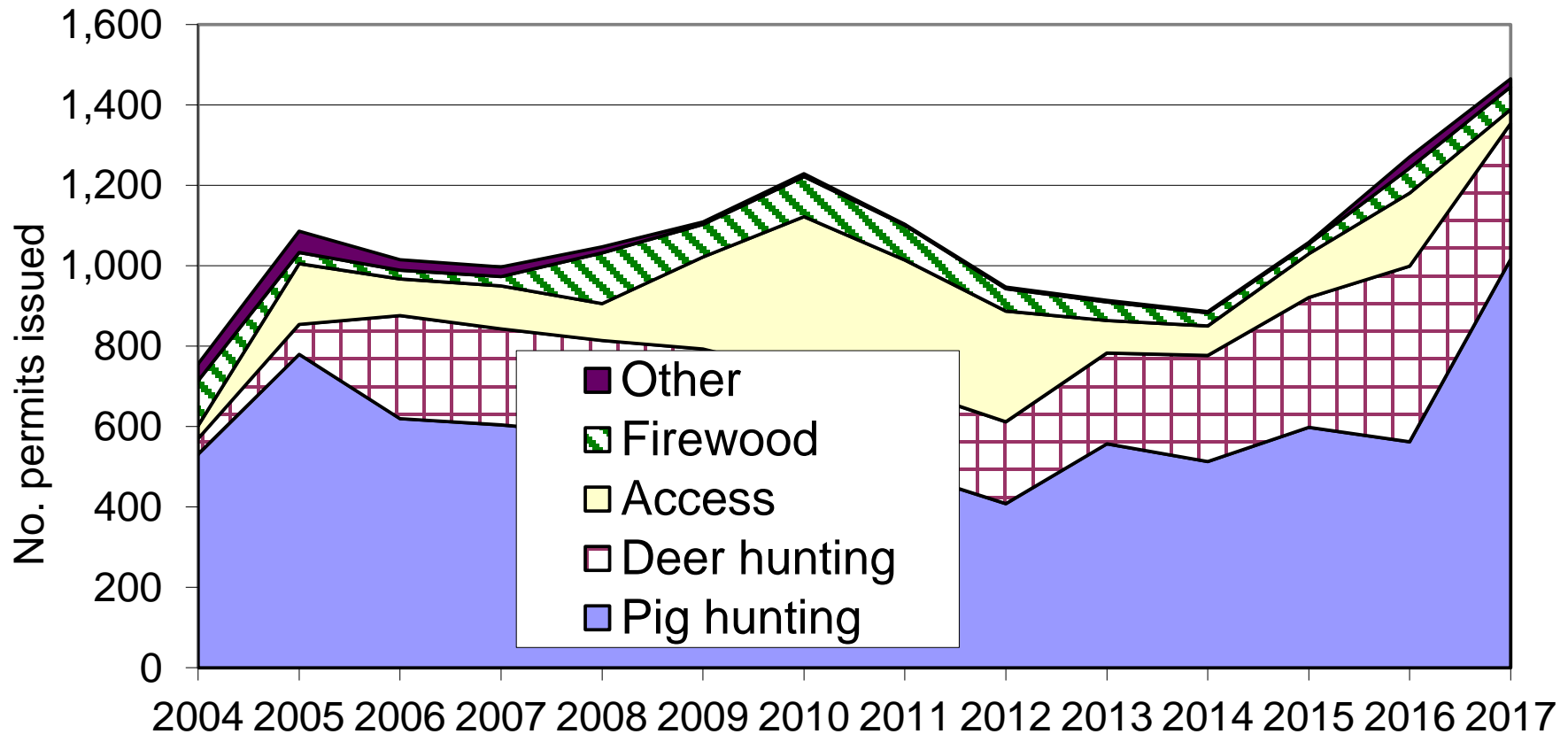
- Last two years have been very strong
- Until 2nd rotation, Trust will just break-even
- Annual distributions \$0.75M – total \$12M to date

Forest Valuation – 30 June 2017

- The Trust's forestry assets are:
 - 28.5% share of the 1st rotation forest; and
 - all of the 2nd rotation forest
- The combined value of these rose 20% to \$37.9 million
- By 2026, when the Crown lease expires, LRFT will own the full forest, with a value of around \$80 million
- Current Trust equity ~\$ 60 million

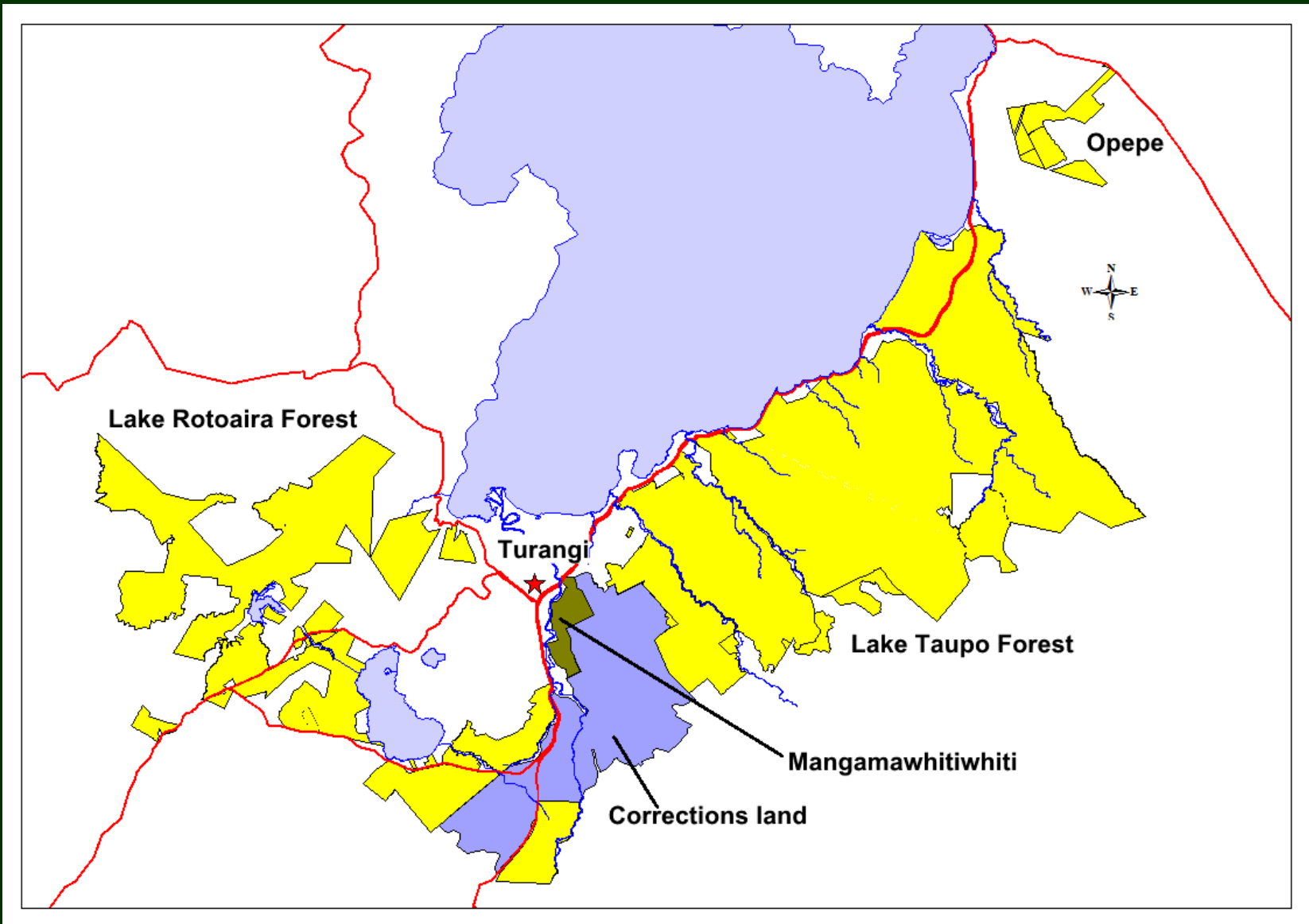


Owners' use of the forest lands



- 1,461 x 1-month permits issued in the last year
- 501 individuals received permits
- Health and safety concerns

Hautu Rangipo Lands



Other Forestry Investments

- Two joint LTFT (70%) and LRFT (30%) forest investments have been made in recent years:
 - 2012: 1,450 ha 1-rotation lease on Opepe Farm Trust lands
 - 2015: start of what will eventually be a 5,500 ha 2-rotation lease on Hautu Rangipo Whenua (ex-Corrections) lands
 - 4,100 ha of replanting after the current forest owner (“New Forests Ltd”) harvests
 - 1,400 ha of new planting on pasture



Responding to Issues

- LRFT lands only 60% planted
- Number of owner initiatives requiring research and business development analysis
- Transition to 2nd rotation harvest - 2026
- How best can we leverage our competitive advantages?






Special Projects Update

Objective to review opportunities not directly related to trees

Examples:

Honey, dividend processes, trout or salmon farming, tourism, eco-lodges, drinking water, quarrying, geothermal.





“We realigned our work plan to focus on increasing revenue and opportunities for our owners to engage with shaping the future of Lake Rotoaira Forest Trust...”

Lake Rotoaira Forest Trust Annual Report, 2016



Tourism





Strategy Update

“Lake Taupo Forest Trust takes control of its forest in 2021, and we take control of our forests in 2026. It is no surprise to many owners that we share a similar vision.”

Lake Rotoaira Forest Trust Annual Report, 2016





Lake Taupō Charitable Trust



